

United States Senate

WASHINGTON, DC 20510

March 26, 2014

276

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Wheeler:

We write to express our deep concern regarding your proposal to change media ownership policy in the discrete matter of attributing joint sales agreements (JSAs) between TV broadcasters. We are further troubled that the Commission plans to move forward on this ownership matter at its March Open Meeting when the agency has not started the 2014 Quadrennial Review of all its media ownership rules as required by law, and has failed to complete the 2010 Quadrennial Review.


As you noted in your March 6 posting on the Commission's blog, "it's been six years since the Commission last completed a quadrennial review, so it goes without saying that the video marketplace has changed dramatically since the FCC last updated these rules." We agree with this assessment, and call upon the Commission to work quickly to fulfill its long-overdue statutory obligation. We are nevertheless surprised by and disagree with your suggestion that, before attending to its statutory obligation, the Commission should act to change attribution rules for TV station joint sales agreements in isolation.

The quadrennial review requirement is designed to ensure that the Commission has a timely and relevant understanding of the competitive landscape to inform its review of the media ownership rules in their entirety, avoiding a piecemeal approach. It is difficult to understand the sudden urgency to carve out one specific facet of the rules for modification when the intended, statutorily-required process for measured, comprehensive consideration has been neglected for so long.

Moreover, your proposed action on attribution of joint sales agreements may have the practical effect of undermining the values of competition, localism, and diversity you contend to promote. The number of minority-owned TV stations has dropped significantly within the past ten years. Several such stations today, including the only three stations owned by African-Americans, operate with joint sales agreements. Competition, localism, and diversity would likely be significant casualties of your proposed action to force the undoing of such agreements.

We strongly urge the Commission to carry out its review of media ownership rules in a comprehensive manner, following the quadrennial review process envisioned and enacted by Congress to facilitate a broad, well-informed perspective on these rules and the complicated ecosystem they govern. However, should you consider changing the rules governing joint sales agreements in isolation, the Commission must bear in mind the potential negative impact of this change to minority television ownership.

Sincerely,



Timothy E. Scott
U.S. Senator



Roger Wicker
U.S. Senator



Roy Blunt
U.S. Senator



Ron Johnson
U.S. Senator



Dan Coats
U.S. Senator



Pat Toomey
U.S. Senator



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

May 1, 2014

The Honorable Tim Scott
United States Senate
113 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Scott:

Thank you for your letter expressing concerns regarding the recent Commission action to attribute certain Joint Sales Agreements (JSAs) between television stations. I appreciate the opportunity to provide some clarification about the Commission's March 31, 2014 decision to attribute TV JSAs where one station sells 15% or more of the weekly advertising time on behalf of another station in the same market.

The Commission is taking a comprehensive review of the broadcast ownership rules as part of our recently adopted *Further Notice of Proposed Rulemaking* that started the 2014 Quadrennial Review. In that proceeding, we seek comment on a tentative conclusion that the current local TV ownership rule should be retained with a limited modification to account for the DTV transition. Historically, the Commission's rules have prohibited one television broadcaster from owning more than one licensee in small and medium-size markets. The purpose of this is to foster competition, localism, and a diversity of voices in the public interest.

Even in light of the pending proceeding, it is important that the Commission continues to enforce its existing rules. There has been a growing concern over the last decade that TV stations are using JSAs as a way to circumvent our local TV ownership restrictions by influencing the core operating functions of the other station in a market where joint ownership would not be allowed under the rules. This practice rapidly evolved from an exception to common practice, and in the case of public companies, the Securities and Exchange Commission filings acknowledge this reality in unmistakable terms.

Stations have been on notice since 2004 when the Commission first started a proceeding proposing to attribute these types of TV agreements. Since the start, the industry has participated in the proceeding, including in 2010, when the Commission sought additional comment as part of the Quadrennial Review of broadcast ownership rules.

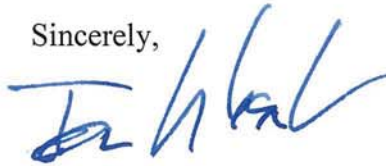
Additionally, while some believe attribution of JSAs will hurt diversity of ownership and programming, dozens of minority groups, scholars, and public interest organizations have publicly supported the Commission action. Such agreements stifle competition and can have the effect of eliminating opportunities for minority or women-owned entities. In the event there are

exceptions, the Commission has adopted an expedited waiver process to review any JSAs stations believe are in the public interest.

By moving decisions on broadcast ownership into the open, we will enable the public and the Commission to consider more fully and appropriately the public interest issues raised by the implementation of the Commission's rules.

I hope this information is helpful.

Sincerely,

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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

May 1, 2014

The Honorable Dan Coats
United States Senate
493 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Coats:

Thank you for your letter expressing concerns regarding the recent Commission action to attribute certain Joint Sales Agreements (JSAs) between television stations. I appreciate the opportunity to provide some clarification about the Commission's March 31, 2014 decision to attribute TV JSAs where one station sells 15% or more of the weekly advertising time on behalf of another station in the same market.

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Tom Wheeler



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WASHINGTON

May 1, 2014

The Honorable Ron Johnson
United States Senate
386 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Johnson:

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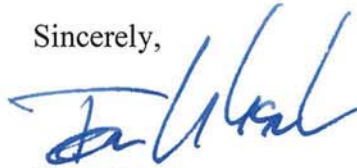
Page 2—The Honorable Ron Johnson

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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

May 1, 2014

The Honorable Patrick Toomey
United States Senate
510 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Toomey:

Thank you for your letter expressing concerns regarding the recent Commission action to attribute certain Joint Sales Agreements (JSAs) between television stations. I appreciate the opportunity to provide some clarification about the Commission's March 31, 2014 decision to attribute TV JSAs where one station sells 15% or more of the weekly advertising time on behalf of another station in the same market.

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OFFICE OF
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May 1, 2014

The Honorable Roger Wicker
United States Senate
555 Dirksen Senate Office Building
Washington, D.C. 20510

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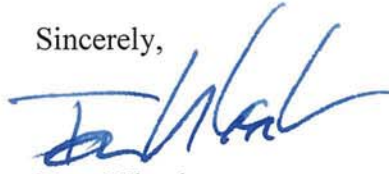
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Tom Wheeler